रजिस्ट्री सं. डी-(डी)-72 REGISTERED No. D-(D)-72

भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 27] नई दिल्ली, सोमवार, मई 13, 1985/वैशाख 23, 1907
No. 27] NEW DELHI, MONDAY, MAY 13, 1985/VAISAKHA 23, 1907

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके ।
Separate paging is given to this Part in order that it may be filed as a separate compilation

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 13th May, 1985:—

BILL NO. 114 OF 1985

*A Bill further to amend the Coinage Act, 1906.*

BE it enacted by Parliament in the Thirty-sixth Year of the Republic of India as follows:—

Short title.

**1.** This Act may be called the Coinage (Amendment) Act, 1985.

Amendment of section 6.

3 of 1906.

**2.** Section 6 of the Coinage Act, 1906 shall be re-numbered as sub-section (*1*) of that section and after sub-section (*1*) as so re-numbered, the following sub-section shall be inserted, namely:—

"(*2*) Notwithstanding anything contained in sub-section (*1*), if the Central Government is of opinion that it is necessary or expedient in the public interest so to do, it may authorise the coining, in like manner as is provided in that sub-section, of coins by any person (including the Government of any foreign country), beyond the limits of India and import such coins for issue under its authority under that sub-section.".

## STATEMENT OF OBJECTS AND REASONS

There have been persistent reports of shortage of coins in the country. Government have taken various steps to meet the demand of coins. Production in the three Mints located at Bombay, Calcutta and Hyderabad has been geared up with the purchase of new machinery and equipment, overtime work and the introduction of incentive scheme for the workers so as to ensure significant increase in the production of coins. Although production has increased from 525 million pieces in 1981-82 and 660 million pieces in 1982-33 to 1,063 million pieces in 1983-84 and 1,356 million pieces during 1984-85, complaints of shortage continue. It is, therefore, proposed to import coins from foreign countries. Necessary steps will be taken to ensure security. The existing Act, namely, the Coinage Act, 1906 does not specifically provide for the manufacture and import of coins from outside the country. Hence it is proposed to amend the Coinage Act, 1906 so as to facilitate the coining and import of coins from outside the country.

2. The Bill seeks to achieve the above object.

NEW DELHI;
*The 2nd May*, 1985. VISHWANATH PRATAP SINGH.

## PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 1(30)/83-Coin., dated the 7th May, 1985 from Shri Vishwanath Pratap Singh, Minister of Finance to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill further to amend the Coinage Act, 1906, recommends under clause (3) of article 117 of the Constitution of India, the consideration of the above Bill by Lok Sabha.

## FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to insert a new sub-section (2) in section 6 of the Coinage Act, 1906, to the effect that if the Central Government is of the opinion that it is necessary, in public interest, to do so, it may authorise minting of coins by any person or Government of a foreign country and import such coins for circulation in the country as legal tender. The amendment itself will not involve expenditure as the imports would be resorted to only if the demand for coins is not fully met by the Government Mints. Appropriate budgetary provision, as may be necessary, would be made for incurring any expenditure on import of coins.

BILL No. 113 OF 1985

*A Bill further to amend the State Financial Corporations Act, 1951.*

BE it enacted by Parliament in the Thirty-sixth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the State Financial Corporations (Amendment) Act, 1985.

63 of 1951.

Amendment of section 2.

2. In section 2 of the State Financial Corporations Act, 1951 (hereinafter referred to as the principal Act), in clause (*c*),—

(*a*) for sub-clause (*ii*), the following sub-clause shall be substituted, namely:—

"(*ii*) mining or development of mines;";

(*b*) in sub-clause (*iv*), after the words "or by air", the words "or by ropeway or by lift" shall be inserted;

(*c*) for sub-clause (*viii*), the following sub-clause shall be substituted, namely:—

"(*viii*) the setting up or development of an industrial area or industrial estate;";

(*d*) in sub-clause (*ix*), the word "or" occurring at the end shall be omitted;

(*e*) after sub-clause (*x*), the following sub-clauses shall be inserted, namely:—

"(*xi*) providing weigh bridge facilities;

(*xii*) the research and development of any process or product in relation to any of the matters aforesaid; or

(*xiii*) such other activity as may be approved by the Development Bank.";

(*f*) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

"*Explanation 2.*—If any doubt arises as to whether a concern is an industrial concern or not, the same shall be referred to the Development Bank for its decision and the decision of the Development Bank thereon shall be final.".

Amendment of section 3A.

3. In section 3A of the principal Act, in sub-section (*2*), clause (*e*) shall be omitted.

Amendment of section 4.

4. In section 4 of the principal Act,—

(*a*) in sub-section (*1*), for the words "but it shall in no case be less than fifty lakhs of rupees or exceed ten crores of rupees.", the following shall be substituted, namely:-

"but it shall not be less than fifty lakhs of rupees or exceed fifty crores of rupees:

Provided that the Central Government may, on the recommendation of the Development Bank, by notification in the Official Gazette, increase the authorised capital up to one hundred crores of rupees.";

(*b*) for sub-section (*2*), the following sub-section shall be substituted, namely:-

"(*2*) The authorised capital shall be divided into such number of fully paid-up shares of the same face value and shall be issued to the parties mentioned in sub-section (*3*) at such times and in such manner as the State Government may, by notification in the Official Gazette, determine:

Provided that no such notification shall be necessary when the shares are to be issued to the parties mentioned in clauses (*a*) and (*ba*) of sub-section (*3*).";

(*c*) in sub-section (*3*), in clause (*c*), for the words "or other financial institutions", the words, "other financial institutions or such other institutions as the Central Government may notify in this behalf in the Official Gazette" shall be substituted;

(*d*) for sub-section (*5*), the following sub-section shall be substituted, namely:—

"(*5*) If any shares allocated to any of the parties referred to in clauses (*c*) and (*d*) of sub-section (*3*) remain unsubscribed, they shall be subscribed for equally by the State Government and the Development Bank.".

Amendment of section 5.

5. In section 5 of the principal Act,—

(*a*) in sub-section (*1*), after the words "or any other financial institution or class of financial institutions recognised in this behalf

by the State Government", the words, brackets, letter and figures "or other institutions notified under clause (c) of sub-section (3) of section 4" shall be inserted;

(b) sub-section (2) shall be omitted.

Amendment of section 6.

6. In section 6 of the principal Act, in sub-section (2),—

(a) for the words "the shares of the Corporation shall", the words "the shares of the Financial Corporation, and such of the bonds and debentures issued by it as are guaranteed by the State Government as to the repayment of the principal and payment of interest, and receipts issued by it for such of the deposits as are guaranteed by the State Government as to the repayment of the principal and payment of interest, shall" shall be substituted;

(b) for the words and figures "Banking Companies Act, 1949", the words and figures "Banking Regulation Act, 1949" shall be substituted.

Amendment of section 7.

7. In section 7 of the principal Act,—

(a) in sub-section (1),—

(i) for the words "shall be guaranteed by the State Government", the words "shall, if so required by the Financial Corporation, be guaranteed by the State Government" shall be substituted;

(ii) the words "at the time the bonds and debentures are issued" shall be omitted;

(b) in sub-section (2), in the proviso, for the words "ninety per cent. of", the word "twice" shall be substituted;

(c) in sub-section (5), the words "at any time" shall be omitted and the following proviso shall be added at the end, namely:—

"Provided that the Financial Corporation may, with the prior approval of the Development Bank, exceed the aforesaid limit up to thirty times the amount of the paid-up share capital and reserve fund of the Financial Corporation.".

Amendment of section 8.

8. In section 8 of the principal Act,—

(a) in sub-section (1), for the proviso, the following provisos shall be substituted, namely:—

"Provided that the total amount of such deposits shall not exceed twice the paid-up share capital of the Financial Corporation:

Provided further that the Central Government may permit the Financial Corporation to accept deposits up to a higher limit not exceeding ten times the paid-up share capital of the Financial Corporation.";

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Any deposit accepted under sub-section (1), other than a deposit from the State Government shall, if so required by the Financial Corporation, be guaranteed by the State Government as to the repayment of the principal and the payment of interest.".

Amendment of section 10.

**9.** In section 10 of the principal Act, in clause (*d*), for the words "financial institutions", the words "financial institutions and other institutions" shall be substituted.

Insertion of new section 10A.

**10.** After section 10 of the principal Act, the following section shall be inserted, namely:—

Vacation of office by an elected director.

"10A. The office of a director elected under clause (*d*) of section 10 shall become vacant if he ceases to hold any office in the scheduled bank, insurance company, investment trust, co-operative bank, financial or other institution in which he held any office at the time of his election as such director.".

Amendment of section 15.

**11.** In section 15 of the principal Act, in sub-section (*1*),—

(*a*) the words ", not being the managing director," shall be omitted;

(*b*) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that the same person may be appointed to function both as Chairman and as managing director.".

Amendment of section 19.

**12.** In section 19 of the principal Act, in sub-section (*5*), in clause (*a*), the words ", not being the managing director," shall be omitted.

Amendment of section 20.

**13.** In section 20 of the principal Act, in sub-section (*2*), for the words "shall be laid", the words "shall, after confirmation thereof at the next meeting of the Executive Committee, be laid" shall be substituted.

Amendment of section 21.

**14.** In section 21 of the principal Act, for the words "one or more advisory committee or committees", the words "one or more committee or committees consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons" shall be substituted.

Amendment of section 25.

**15.** In section 25 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) in sub-clause (*ii*) of clause (*a*), after the words "State co-operative banks", the words "or other financial institutions" shall be inserted;

(*ii*) in clause (*d*), after the words "or arising out of, the grant of loans or advances to an industrial concern, or subscription to debentures of an industrial concern", the words "or relating to the business of the Development Bank, Industrial Finance Corporation of India or financial institution" shall be inserted;

(*iii*) for clause (*da*), the following clause shall be substituted, namely:—

"(*da*) subscribing to, or purchasing of, the stock, shares, bonds or debentures of an industrial concern or any other concern with the prior approval of the Development Bank;";

(*iv*) for clause (*f*), the following clause shall be substituted, namely:—

"(*f*) retaining as part of its assets any stock, shares, bonds or debentures which it may acquire by subscription or in fulfilment of its underwriting liabilities and disposing of the stock, shares, bonds or debentures so acquired;";

(*v*) in clause (*g*),—

(*a*) in the first proviso, for the words "Provided that", the following shall be substituted, namely:—

"Provided that the Financial Corporation may, with the prior approval of the Development Bank, exceed the said limit of twenty years up to a further period of ten years:

Provided further that";

(*b*) in the second proviso,—

(*i*) for the words "Provided further that" the words "Provided also that" shall be substituted;

(*ii*) for the words "convert such debentures or loans", the words "convert the amounts outstanding on such debentures or loans" shall be substituted;

(*iii*) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—In this clause, the expression "the amounts outstanding on such debentures or loans" shall mean the principal, interest and other charges payable on such debentures or loans as the time when the amounts are sought to be converted into stock or shares";

(*vi*) after clause (*g*), the following clauses shall be inserted, namely:—

"(*ga*) accepting or discounting promissory notes and bills of exchange made, drawn, accepted or endorsed by industrial concerns or by any person selling capital goods manufactured by one industrial concern to another industrial concern;

(*gb*) undertaking research and surveys for evaluating or dealing with marketing or investments and undertaking and carrying on techno-economic studies or other activities in connection with the development of any industry;

(*gc*) providing technical and administrative assistance to any industrial concern or any person for the promotion, management or expansion of any industry;

(*gd*) planning and assisting in the promotion and development of industries;

(*ge*) doing such other business as the Development Bank may authorise;";

(*b*) sub-section (*2*) shall be omitted.

Insertion of new section 25A.

**16.** After section 25 of the principal Act, the following section shall be inserted, namely:—

Power to acquire rights.

"25A. The Financial Corporation shall have the right to acquire, by transfer or assignment, the rights and interests of any such financial institution as may be notified by the Central Government (including any other rights incidental thereto) in relation to any loan or advance granted or any amount recoverable by such institution, either in whole or in part, by the execution or issue of any instrument or by the transfer of any instrument by endorsement or in any other manner:

Provided that such loan or advance or amount relates to any business which the Financial Corporation may transact under this Act.".

Amendment of section 26.

**17.** In section 26 of the principal Act,—

(*a*) in sub-section (*1*),—

(*i*) for the words, brackets and figures "State Financial Corporations (Amendment) Act, 1972", the words, brackets and figures "State Financial Corporations (Amendment) Act, 1985" shall be substituted; 77 of 1972.

(*ii*) in clause (*i*), for the words "thirty lakhs of rupees in the case of", the words "sixty lakhs of rupees in the case of a corporation established by or under any other law or" shall be substituted;

(*iii*) in clause (*ii*), for the words "fifteen lakhs", the words "thirty lakhs" shall be substituted;

(*iv*) the following proviso shall be inserted at the end, namely:—

"Provided that the Financial Corporation may, with the prior approval of the Development Bank, exceed the limit under clause (*i*) or clause (*ii*) up to four times.";

(*b*) sub-section (*2*) shall be omitted.

Amendment of section 28.

**18.** In section 28 of the principal Act, in sub-section (*1*), in clause (*d*), for the words "one crore of rupees", the words "three crores of rupees or such higher amount not exceeding thirty crores of rupees as the Central Government may, by notification in the Official Gazette, specify" shall be substituted.

Amendment of section 31.

**19.** In section 31 of the principal Act, in sub-section (*1*), after clause (*a*), the following clause shall be inserted, namely:—

"(*aa*) for enforcing the liability of any surety; or".

Amendment of section 32.

**20.** In section 32 of the principal Act,—

(*a*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*) When the application is for the relief mentioned in clause (*aa*) of sub-section (*1*) of section 31, the district judge shall issue a notice calling upon the surety to show cause on a date to be specified in the notice why his liability should not be enforced.";

(*b*) in sub-section (*3*), after the words, brackets and figure "or sub-section (*2*),", the words, brackets, figure and letter "or issuing a notice under sub-section (*1A*)," shall be inserted;

(c) for sub-section (*4*), the following sub-sections shall be substituted, namely:—

"(*4*) At the same time as he passes an order under sub-section (*1*), the district judge shall issue to the industrial concern or to the owner of the security attached a notice accompanied by copies of the order, the application and the evidence, if any, recorded by him calling upon it or him to show cause on a date to be specified in the notice why the *ad interim* order of attachment should not be made absolute or the injunction confirmed.

(*4A*) If no cause is shown on or before the date specified in the notice under sub-section (*1A*), the district judge shall forthwith order the enforcement of the liability of the surety.";

(*d*) in sub-section (*7*),—

(*i*) in clause (*d*), the word "or" occurring at the end shall be omitted;

(*ii*) after clause (*d*), the following clause shall be inserted, namely:—

"(*da*) direct the enforcement of the liability of the surety or reject the claim made in this behalf; or";

(*iii*) in the first proviso, after the words, brackets and letter "under clause (*c*)", the words, brackets and letters "or making an order rejecting the claim to enforce the liability of the surety under clause (*da*) or making an order rejecting the claim to transfer the management of the industrial concern to the Financial Corporation under clause (*e*)" shall be inserted;

(*iv*) in the second proviso, after the words "from attachment", the words "or rejecting the claim to enforce the liability of the surety or rejecting the claim to transfer the industrial concern to the Financial Corporation" shall be inserted;

(*e*) in sub-section (*9*), for the words, brackets and figure "under sub-section (*5*)", the words, brackets, figures and letter "under sub-section (*4A*), sub-section (*5*)" shall be substituted.

Insertion of new section 32G.

**21.** After section 32F of the principal Act, the following section shall be inserted, namely:—

Recovery of amounts due to the Financial Corporation as an arrear of land revenue.

"32G. Where any amount is due to the Financial Corporation in respect of any accommodation granted by it to any industrial concern, the Financial Corporation or any person authorised by it in writing in this behalf, may, without prejudice to any other mode of recovery, make an application to the State Government for the recovery of the amount due to it, and if the State Government or such authority, as that Government may specify in this behalf, is satisfied, after following such procedure as may be prescribed, that any amount is so due, it may issue a certificate for that amount to the Collector, and the Collector shall proceed to recover that amount in the same manner as an arrear of land revenue.".

Amendment of section 33.

**22.** In section 33 of the principal Act, in sub-section (*2*), after the words, brackets and figures "the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970", the words, figures and brackets "or any of the banks specified in column 2 of the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980" shall be inserted. 5 of 1970. 40 of 1980.

Amendment of section 35A.

**23.** In section 35A of the principal Act, in sub-section (*1*), the first proviso shall be omitted.

Amendment of section 36.

**24.** In section 36 of the principal Act, in sub-section (*1*), for the words "three months", the words "four months" shall be substituted.

Amendment of section 38.

**25.** In section 38 of the principal Act, for sub-sections (*1*) and (*2*), the following sub-section shall be substituted, namely:—

"(*1*) The Financial Corporation shall furnish to the State Government, the Development Bank and the Reserve Bank such statements and returns in such form as the State Government, the Development Bank or the Reserve Bank may require from time to time.".

Amendment of Section 43

**26.** In section 43 of the principal Act, for the words and figures "Indian Income-tax Act, 1922", the words and figures "Income-tax Act, 1961" shall be substituted. 11 of 1922.

Amendment of section 43A.

**27.** In section 43A of the principal Act, after the words "Financial Corporation", the words "or to any committee appointed under section 21" shall be inserted. 43 of 1961

Insertion of new section 43B.

**28.** After section 43A of the principal Act, the following section shall be inserted, namely:—

Reports to the Board.

"43B. (*1*) The minutes of every meeting of the committee appointed under section 21 shall, after confirmation thereof at the next meeting of the committee, be laid before the Board at the next following meeting of the Board.

(*2*) Every action taken by the managing director and any other officer of the Financial Corporation shall, as soon as may be after it is taken by them, be reported to the Board.",

Amendment of section 46.

**29.** In section 46 of the principal Act, in sub-section (*1*),—

(*a*) for the words "any institution in existence at the commencement of this Act", the words "any institution established by a State Government" shall be substituted;

(*b*) the following proviso shall be inserted at the end, namely:—

"Provided that no notification shall be issued under this sub-section in respect of any institution unless a request is made in that behalf by the State Government concerned.".

Amendment of section 48.

**30.** In section 48 of the principal Act, in sub-section (*2*),—

(*a*) clause (*h*) shall be omitted;

(*b*) in clause (*m*), for the words "advisory committees for technical and other advice", the word "committees" shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The Financial Corporations established under the State Financial Corporations Act, 1951, have been conceived as Regional Development Banks for accelerating the industrial growth in various States by providing financial assistance mainly to small and smaller of the medium scale industries. In the light of the experience gained over the past 30 years, it has become necessary to effect certain amendments to the Act. Most of these amendments are for providing more operational flexibility to the Financial Corporations for functioning as developmental agencies.

2. The main proposals for amendments are as follows:—

(*a*) It is proposed to widen the definition of "industrial concern" as contained in the Act so as to enable the Financial Corporations to finance all kinds of industrial activities, with the exception of ship ping, being financed by the all-India financial institutions.

(*b*) In view of the constantly expanding business of the Financial Corporations, it is proposed to raise the authorised share capital of a Financial Corporation from Rs. 10 crores to Rs. 50 crores or such higher amount within an overall limit of Rs. 100 crores.

(*c*) In order to establish an organic link between financial and promotional bodies, it is proposed to make promotional agencies like State Industrial Development/Investment Corporations, Small Industries Corporations, etc., eligible to subscribe to the shares of the Financial Corporations and thus get formally associated with them.

(*d*) At present Financial Corporations can issue bonds and debentures and raise deposits only if these are guaranteed by the State Governments. It is proposed to allow them to mobilise resources by issuing bonds, debentures and raising deposits which may not be guaranteed by the State Governments, to enable such of the Financial Corporations which are in a position to raise resources on the strength of their efficiency and profitability.

(*e*) The Act at present limits the borrowing by the Financial Corporations from the Reserve Bank against securities to ninety per cent. of their paid-up share capital. This limit is proposed to be raised to the extent of twice the paid up share capital to enable them to augment their resources through borrowing.

(*f*) The total amount of deposits which the Financial Corporations can mobilise at present cannot exceed the paid-up share capital of the Financial Corporations. It is proposed to raise this limit of deposits to the extent of twice the amount of paid-up share capital which could be increased up to ten times the paid-up share capital with the approval of the Central Government. This will facilitate the Financial Corporations to mobilise adequate deposits to meet their financial requirements.

(*g*) It is proposed to expand the list of business which the Financial Corporations could undertake. This will, *inter alia*, enable them

to undertake research and service relating to marketing and investment, carry out techno-economic studies, provide technical and administrative assistance to industrial concerns, plan and assist in the promotion and development of industries, discount bills of exchange/ promissory notes, etc. The said expansion will enable them to undertake promotional and developmental work and play the role of regional development banks.

(*h*) It is proposed to change the present security-oriented approach of the Financial Corporations to project-oriented approach. This will enable the Financial Corporations to grant loans, like bridge loans, which are not fully secured.

(*i*) At present, the Financial Corporations can extend financial assistance to the extent of Rs. 30 lakhs to companies/co-operative societies and Rs. 15 lakhs in case of partnership firms and other concerns. These limits are proposed to be increased to Rs. 60 lakhs and Rs. 30 lakhs respectively. The provision in the Act restricts granting of assistance only to industrial concerns having aggregate of paid-up share capital and free reserves up to Rs. 1 crore. This limit is proposed to be raised to Rs. 3 crores or such higher limit up to Rs. 30 crores as may be specified by the Central Government. These increases will enable the Financial Corporations to assist the larger and medium projects in participation with other institutions and banks.

(*j*) It is proposed to provide for recovery of any outstanding liability as if such liability were arrears of land revenue. The amendment would provide a simple and effective remedy for dealing with the problem of overdues.

(*k*) At present the provisions of the State Financial Corporations Act, 1951 can be made applicable only to an institution in existence at the commencement of the said Act and which had for its objects the financing of industrial concerns. It is proposed to delete the condition that the institution should have been in existence at the commencement of the said Act. This will enable to apply the provisions of the Act to institutions which have come into existence after the commencement of the Act. This will establish an organic link between these institutions and the Industrial Development Bank of India.

3. It is also proposed to make certain other minor and consequential amendments in the Act.

4. The Bill seeks to achieve the above objects.

NEW DELHI;
*The 29th April,* 1985.

VISHWANATH PRATAP SINGH.

SUBHASH C. KASHYAP,
*Secretary-General.*

PRINTED BY THE GENERAL MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI AND PUBLISHED BY THE CONTROLLER OF PUBLICATIONS, DELHI, 1985